

## Appendix 5: Medium-Term Financial Strategy 2023/24 – 2026/27 – Updated action plan

<p>The fundamental aim of the Council’s Medium-Term Financial Strategy is to provide a framework for the effective and efficient use of Council resources whilst taking appropriate action to mitigate financial risk. This will enable the Council to maintain a sound financial position against a backdrop of economic uncertainty, rising demand and a changing regulatory and funding landscape. This will in turn support delivery of the Council’s vision to be a community leader, providing high quality services, enhancing the environment and advocating for our community’s interests, as set out in the Runnymede Corporate Business Plan.</p>		
<p>The Strategy is built on a number of key principles with supporting actions for each area.</p>		
<p><b>Revenue Budget – The Council recognises that it must optimise its limited resources to provide value for money services in the face of increasing financial pressures.</b></p>		
	<b>Action:</b>	<b>Progress Update:</b>
1	<p>A process for the identification of savings and efficiencies will be set up to capture ideas from across the organisation. From this, a set of targets will be defined, with progress on delivery monitored via the Overview and Scrutiny Select Committee. Greater focus will be given to the timely delivery of the savings programme.</p> <p><i>New: A series of budget challenge sessions with senior managers are to be run throughout the period March – July 2024 to enable progression of the savings initiatives already identified during early “spark” sessions and provide a challenge to budget managers – in effect undertaking a zero-based budget exercise.</i></p>	<p>Process approved by Full Council in October 2023. Identified savings are included in the MTFF and will be embedded in the 2024/25 budget report. Initial progress on Service Reviews has been reported to the Service Review, Communications and Transformation Member Working Party and formal reporting is scheduled for Overview and Scrutiny Select Committee for March 2024.</p>
2	<p>A series of service reviews will commence, across specific service areas as directed by the Chief Executive, in consultation with the Leader and Deputy Leader of the Council. The focus of the reviews will be efficient service delivery rather than cost, but due regard to the cost of the service will be included as part of the review. The results of, and recommendations from, the reviews will feed into the Service Review, Communications and Transformation Member Working Party, the appropriate Service Committee and onward to Corporate Management Committee for approval where required.</p>	<p>The initial tranche of reviews has commenced, following the Service Review process of “Define, Discover, Design or Develop, Deliver, Determine.” Reviews are currently in the Define/Discovery stages. Progress to date has been reported to the Service Review, Communications and Transformation Member Working Party.</p>
3	<p>Service resilience and effective delivery will continue to be explored through partnership working with other Councils, for</p>	<p>Following the successful implementation of a shared management structure for the Building Control Team, work has</p>

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	<p>example, in areas such as Building Control and CCTV. Service delivery models will be expected to include robust costing models and an understanding of the requirement for future investment in the service and how that will be met under the business model.</p> <p><i>New: Across the Council, an understanding of unit costs, and full cost recharge models, will be embedded to ensure accurate pricing models for services are developed, alongside suitable benchmarking data, so that data supports decision-making.</i></p>	<p>commenced on the business case, financial modelling and governance arrangements for a full shared service to be presented to Members for consideration in due course.</p> <p>Safer Runnymede has been successful in securing new contracts, most recently with Rushmoor Borough Council and Hart District Council, along with a pipeline of potential future contracts. Development of the business model is now required to ensure that the right structure, charging model, equipment and investment is in place to support sustainable expansion, providing a cost effective, efficient service. Safer Runnymede is therefore included in the first tranche of Service Reviews.</p> <p>The Project Management Office (PMO) collated benchmarking data to assist the formation of annual fees and charges submissions to relevant Committees for 2024/25.</p>
4	<p>Early discussion with the Bid Writer and Grants Officer must take place ahead of new revenue (and capital) schemes, in order to explore external funding opportunities and reduce pressure from revenue growth, while ensuring funding conditions do not place an unreasonable burden on the Council.</p>	<p>The Council's Bid Writer and Grants Officer now attends the Procurement Board on a regular basis to share information on proposed Bids at an early stage to ensure Procurement and Legal resources are allocated to support the process in a timely fashion and that Finance colleagues are aware of potential income and match funding requirements.</p> <p>All future business cases should include consideration of the potential for external funding.</p>
5	<p>A review of long-term vacant posts will be carried out to understand the reasons behind the vacancy and the cost of any alternative arrangements that have been put in place, e.g., agency staff/consultancy. Budgets will be re-aligned to a refreshed establishment list to ensure services are not carrying posts that are no longer required for delivery of the service.</p>	<p>At data gathering and analysis stage. Next steps are to consult with Corporate Heads of Service/Team leaders to provide challenge. Sessions will commence from January 2024.</p> <p>The MTFF has already removed £1m of salary costs from future years budgets in response to the continued underspend against salary budgets and the anticipated realignment of budget to actual staffing resources.</p>

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6	<p>An Asset Management Strategy will be produced, covering the management of all corporate property assets, with individual Asset Management Plans prepared for all investment property, setting out proposals for the future use of each asset. The Strategy will support the optimisation of income from the Council's assets alongside an improved understanding of the costs of management and maintenance. A set of performance indicators will be developed for the Council's property portfolio with regular reporting to, and scrutiny by, Members. Consideration will be given to divestment of low-performing assets or to rebalance the portfolio across sectors.</p> <p><i>New: An essential part of this work is to understand the costs and opportunities stemming from the Council's operational properties and identifying any assets surplus to requirements. This is necessary in order to inform the plan of work for decarbonisation of Council assets.</i></p>	<p>The Asset Management Strategy was approved by Full Council in March 2023, with individual Asset Management Plans being essential to the on-going management of the Council's portfolio of assets. Following the approval of a growth item in the 2023/24 budget, the Council has been working with an external expert to provide data analysis and benchmarking of the portfolio to support asset management and reporting. Next steps are to consider the performance information, and format of data, for inclusion in quarterly reporting to Members. Reporting has commenced on options to dispose of low performing properties.</p>
7	<p><i>New: A review of voluntary sector/third sector support will be undertaken to aid transparency and understanding of the level of support provided and the benefits realised by this support. An analysis of this data will be considered to enable a reduction in costs to the Council over time.</i></p>	<p>For progression in 2024/25</p>
8	<p><i>New: A moratorium on growth will be imposed. No supplementary estimates are to be approved in-year unless essential to deliver corporate aims or business critical to the running of service. Even where these criteria are met, the first assumption will be that growth is to be met by savings elsewhere or by external funding. This should not however, drive any assumption that growth will be approved simply because the funding can be found from other savings as these savings must in the first place be prioritised to reduce the on-going budgetary gap.</i></p>	<p>This assumption has been factored into Alternate scenario 2 of the MTFF.</p>
<p><b>Reserves - The Council will maintain a reasonable level of usable reserves to enable it to weather the volatility of its income and expenditure streams, and to support its capital spending plans.</b></p>		

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	<b>Action:</b>	<b>Progress Update:</b>
9	The Council will seek to maintain its general fund reserve above an increased minimum threshold, whilst recognising that the level of balances will fluctuate over time as spending plan are adjusted to meet short-term budgetary pressures. The revised threshold should be set at an appropriate level commensurate with the financial risks facing the Council and will be reviewed as part of the budget-setting process.	The minimum threshold was raised from £3m to £5m as part of the annual budget report approved by Full Council in February 2023. As this report highlights, corrective action to address the on-going, underlying budget gap in the Council's finances will be needed to be assured of maintaining working balances above this minimum level beyond 2026/27. Balances in scenarios 1 and 2 are comfortably above the minimum threshold by the end of 2025/26 and only fall below the threshold in 2025/26 in the worst-case scenario depicted in scenario 3.
10	Earmarked reserves will be regularly reviewed to ensure they are at, or are building towards, an appropriate level, with funds released to the general fund if no longer required.	<p>Earmarked Reserves are considered both during the budget preparation and again at the year end, to review the appropriate levels to hold in light of current risk factors. Should an underspend against the total General Fund budget occur in any year, it may be appropriate to use this to provide a one-off boost to specific reserves rather than allow the underspend to flow back into the working balance, so long as the minimum threshold for the working balance is being met.</p> <p>A proportion of the underspend realised in 2022/23 has been repurposed to support critical earmarked reserves, particularly in respect of supporting the Council's property portfolio and the income derived from its commercial properties. In addition, £1m has been set aside to support invest-to-save schemes and one-off costs that will support savings, income generation and efficiencies.</p>
<p><b>Capital Programme - The Council will only undertake capital investment to support asset maintenance, invest-to-save schemes or strategic intent, such as the delivery of housing or regeneration schemes. Capital spending, however funded, will be affordable, prudent and sustainable.</b></p>		
	<b>Action:</b>	<b>Progress Update:</b>
11	The Council will explore ways of delivering its major capital spending priorities in ways that reduce the burden on the Council's resources. This may be by phasing delivery of large programmes	Service Areas are working in close collaboration with the Bid Writer and Grants Officer to seek external funding where possible, including the securing of match-funding where available

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	<p>over a period or looking at new funding models and partnerships with the public and private sector. The Council needs to balance delivery of such schemes for its residents, with the affordability of capital spend and the effect on its revenue income streams. This will be particularly relevant should the Council’s access to borrowing be restricted (e.g., under the Levelling Up and Regeneration Act 2023) as it will need to find ways of progressing its strategic priorities without increasing borrowing levels.</p>	<p>to reduce the burden on Council resources. Recent successes include the Local Authority Housing Fund where £1.3m was secured with match funding from the Council of £1.8m to provide 8 homes for displaced households from Ukraine and Afghanistan.</p> <p>Development of funding models that minimise the Council’s need to borrow, or the period over which it looks to borrow, will need to be undertaken alongside business cases for major capital schemes, taking account of any restrictions stemming from recent or future legislation or government guidance.</p>
12	<p>The planned Asset Management Strategy will identify underperforming assets, or those where an opportunity arises, for divestment or re-purposing, following review and decision by the relevant Committee. The future of the Capital Programme is heavily dependent on the production of new capital receipts; again, this is increasingly important where future borrowing may be restricted or where there is limited ability for the general fund to support capital spending either directly or through bearing the cost of carrying debt.</p>	<p>As with any commercial portfolio, which must be proactively managed in line with changing economic conditions and market factors, there will be occasions when the best course of action may be to dispose of an asset or repurpose it for an alternative use as the Council cannot afford to hold under-performing assets. Such options will come forward as appropriate for Member consideration.</p>
13	<p>No new capital projects are to be included in the capital programme without the necessary resources to meet the full capital costs, and any associated revenue implications, being in place. Business cases should reflect all financial implications and risks and be reported alongside the request for inclusion in the Programme. If it is too early in the process to provide this level of detail, a provision may be made within the budget but will be subject to reporting of the full business case to the appropriate Committee before proceeding with the project.</p>	<p>The Business Planning Process and Budget Estimate timetable have both been updated for the current cycle to ensure that relevant business cases are produced, when necessary, for Member consideration. Whole-life costing for capital projects is essential to understand the on-going revenue costs attached to any proposals. Risks must be reflected in Service Area Plans, and Service Risk Registers have been updated to feed into the Corporate Risk Register alongside a refresh of the Risk Management Framework and processes. The updated Framework was approved by Full Council in October 2023.</p>
<p><b>Governance and Performance – the Council recognises good governance and performance management as intrinsic to the delivery of its corporate plan, to the success of its financial strategy and to its planning for financial sustainability.,</b></p>		

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14	<p>The Corporate Leadership Team will be supplemented by the addition of a second Assistant Chief Executive post to allow for greater strategic leadership capacity and to support the implementation of the Council’s priorities.</p>	<p>Following a successful recruitment process, the new Assistant Chief Executive (Place) commenced employment with Runnymede Borough Council in July 2023. The new Chief Executive joined the organisation in August 2023 following the retirement of the previous post-holder. A number of other changes have occurred at the Senior Leadership Team level (Corporate Head of Service) with interim arrangements in place where necessary.</p>
15	<p>A process will be set up to monitor and report the delivery of actions in the Council’s Corporate Business Plan, building on work already carried out by the Council’s Project Management Office (PMO).</p>	<p>A new reporting tool is undergoing proof-of-concept testing over the coming months. The tool replaces cumbersome excel spreadsheets and is maintained, with a full audit trail, within Microsoft Teams. Sessions were held during June/July to demonstrate the tool to Corporate Heads of Service and other key users. Dashboards, similar to that already used to report on major projects and performance indicators are being developed. The data can be drawn out using a variety of indicators and it is anticipated that this system will be used to track progress on the over-arching Corporate Business Pan, on individual Strategies within the plan such as Health and Well-being, or Climate change activity, and for progress against Service Area Plans.</p>
16	<p>The following officer working groups will be set up to support strands of the Corporate Business Plan and the work of the Member Working Parties:</p> <ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Health &amp; Wellbeing</li> <li>• Economic Development</li> <li>• Empowering Communities</li> <li>• Organisational Development</li> <li>• Service Review &amp; Transformation</li> </ul> <p>In addition, there will be a refresh of the Council’s Commercial income group which will cover the wider work of the Assets and Regeneration team and report directly to the Corporate Leadership Team. A suite of performance indicators is in</p>	<p>Appropriate officer working groups have been set up to support cross-department workstreams and avoid “silo-working.” A refreshed set of Member Working Parties including a Property and Assets Task Force have commenced to support delivery of the Corporate Business Plan. These Working Parties are supported by members of the Corporate Leadership Team and other senior officers.</p> <p>The refreshed Assets and Regeneration Group meets on a monthly basis and has developed regular reporting on arrears, upcoming lease events, project progress etc.</p>

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	<p>development to be reported as part of the Asset Management Strategy.</p> <p>The Council's project management principles and reporting methodology currently used to report on the performance of major projects and corporate KPIs (Key Performance Indicators) will be used by the working groups to report back to Member Working Parties, further embedding project management principles across the Council.</p>	<p>The Project Management Office has developed a multi-use action tracker which is expected to deliver efficiencies in the process, making it easier for Managers to update actions and providing a single source of data from which to pull a variety of reporting requirements, both as a management information tool and for formal reporting.</p>
17	<p>The Council is reviewing its approach to risk management and a revised Risk Management Framework and updated Risk Register will be reported to Standards and Audit Committee in line with recommendations from internal audit, the Council's self-assessment against Cipfa's Financial Management Code, and the Annual Governance Statement (AGS) 2022/23. Progress on all actions arising from the Financial Management Code review and the AGS will be reported to the Standards and Audit Committee.</p>	<p>An update on progress was provided to the Standards and Audit Committee as part of the progress review of the AGS actions for 2022/23 and the setting of key governance improvements for 2023/24. A risk mapping exercise was undertaken, alongside updates to Service Risk Registers, which will feed into a refreshed Corporate Risk Register to be considered by Members in January 2024. The Risk Management Framework was approved by Full Council in October 2023 and Risk Appetite Statements have been developed and consideration by Standards and Audit Committee in November, and Full Council in December 2023.</p>
18	<p>A governance process for the collection, reporting and allocation of Community Infrastructure Levy will be designed to ensure this funding stream has proper oversight. The governance proposal will come forward for Members' approval ensuring that this funding is used to support the delivery of essential infrastructure, meets local need and conforms to regulatory requirements.</p>	<p>The governance process was considered, and approved, by Corporate Management Committee in January 2023.</p>
19	<p>The Council will continue to meet with Government officers to help inform and shape the new measures being proposed under the Levelling Up and Regeneration Bill in respect of financial risk management.</p> <p><i>New: The Council will continue to engage with Government officers to help inform and shape the new measures which came</i></p>	<p>The Council has actively engaged in discussions to date and will continue to participate in the process both in respect of the calculation of the metrics within the Act and any specific outcomes for Runnymede following their implementation.</p> <p>The Statutory Guidance on Minimum Revenue Provision is also anticipated to be out for consultation imminently with any</p>

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	<p><i>into force under the Levelling Up and Regeneration Act 2023 in respect of financial risk management and the future regulations which will define the calculation of the metrics included in the Act, and any actions stemming from Government in respect of these.</i></p>	<p>revisions expected to apply from 1 April 2024. Likewise, some changes to the current Secretary of State Investment Guidance are expected, particularly around non-treasury investment. The Council will continue its engagement on these matters and will respond to consultations when appropriate to do so.</p>
20	<p>The Council will continue to seek value for money when procuring contracts for works, services and goods. This will include identification of collaborative procurement opportunities with other Boroughs and Districts to increase buying power and savings opportunities.</p>	<p>The Council approved a Procurement Strategy for 2023 - 2026 in March 2023 alongside associated policies on Social Value, and Sustainable Procurement and Carbon Reduction. The Procurement Team are actively involved in the Surrey Procurement Group, including chairing this regular meeting, which affords opportunities for collaboration. The Procurement team are analysing a range of expenditure headings to provide data for the review and reduction of spend in areas such as consultancy and agency staffing budgets. This will feed into the savings and efficiencies programme.</p>